

PROCEDURE 1220.07 Personal Use of State Provided Vehicles  
Issued March 5, 1999

SUBJECT: Personal Use of State Provided Vehicles.

APPLICATION: Executive Branch Departments and Sub-units.

PURPOSE: To prescribe guidelines for personnel and/or finance officers to maintain adequate records for reporting the personal use of state-provided vehicles.

CONTACT AGENCY: Office of Financial Management (OFM).

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SUMMARY: There are specific rules, which must be followed if state-provided vehicles are used for personal use. Refer to Procedure 0410.03 for additional guidelines on special approval provisions regarding the use of state vehicles.

Internal Revenue Service (IRS) requirements for the taxation of fringe benefits (Title 26 of the Code of Federal Regulations) define two methods, the Annual Lease Value Method and the Cents Per Mile Method, for valuing personal use of an employer-provided vehicle.

The Annual Lease Value Method is required when the fair market value of the vehicle exceeds a limit established annually by the IRS. VTS monitors the IRS requirements and identifies all state-provided vehicles subject to personal use with a fair market value in excess of IRS established limits. Typically this will only include vehicles assigned to Department Directors, Primary Agency Directors, Judges and elected officials.

The Cents Per Mile Method is utilized to value the personal use of state-provided vehicles in all cases where the Annual Lease Value Method is not required.

APPLICABLE FORMS: VTS 712, Annual Lease Value Method Quarterly Vehicle Mileage Report.

PROCEDURES:

Vehicle and Travel Services (VTS):

- Notify those state employees subject to the Automobile Lease Rule, Annual Lease Value Method.

Employee:

- If subject to the Annual Lease Value Method: record personal use miles on form VTS 712 and submit form VTS 712 to VTS by the 5<sup>th</sup> day of the month following the end of the quarterly reporting periods. Quarterly reporting periods end on the last workday of October, January, April and July.
- All other employees: report personal use miles monthly to department/agency finance or personnel office.

Department/Agency:

- Enter monthly personal use miles reported by employees into HRMN on the PR36.1 Time Record Entry using the appropriate pay code(s) and enter the total amount of miles in the rate field.

VTS:

- Compute the value of personal use reported by employees under the Annual Lease Value method.
- Report the following information to OFM quarterly on February 28, May 31, August 31, and November 30: employee name, employee social security number and value of personal use.

OFM:

- Enter the value of personal use reported by VTS into HRMN on the PR36.1 Time Record Entry using the appropriate pay code(s) and enter the total amount of miles in the rate field.

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Procedure Update: 12/22/03